



# DRIVING INSTRUCTOR AND TRAINERS COLLECTIVE

## Getting a Better Price

One of the biggest and most frequent conversations I have with people is about pricing. They often know what they would like to charge but they struggle with the pricing conversation. This conversation isn't necessarily with other people, or customers, your INNER voice can commonly be your biggest critic!

### How to get top price for your top lesson

**The Golden Rule:** Ask for it! It is very rare for people to pay more than you ask!

To achieve this requires you to do a calculation designed to deliver the ideal price for your lessons. The only issue is that there is no such thing. There is no one way of calculating a price and, in my experience, it's better to look at it through a number of lenses.

*As a business adversely affected by Coronavirus should you be putting prices up?*

**That is up to you, but it seems like a very good time to review them.** You have a number of increased costs, including PPE and cleaning, plus potentially fewer lessons per day. I would also be factoring in a little more for lost lessons - If a pupil has symptoms (or alleged symptoms) it makes it hard to charge a cancellation fee. At this point following the guidelines will enforce a 14 day stop to lessons. That could be 4-6 hours lost easily.

I don't think 10% is unreasonable, and is being seen across other industries. Other factors include fuel rate changing, and directly compensating for the 20% loss of annual income from our time on lockdown is difficult though not unreasonable.

However, before you commit to a price increase or freeze, can I suggest you also take a **health-check** approach.

What I have learnt from my own price journey, that of the Better Driver Training instructors, and the wider community is that the happier we can feel about our price the easier it is to deliver that price AND get the buy-in of the customer. You may well have used **some** of these, but I am yet to find the instructor that has used **all** of them.

### Perspective 1 - Cost based approach

Looking at things from this perspective is purely cost and margin focussed.

When we look at this we tend to base hours on a 20 hour week across a 48 week year, which we have always found to be an achievable figure. That allows for a drop in work, cancellations or mechanical/health issues causing you to lose a day.

Calculate all costs and then break these down into annual, monthly, weekly and hourly figures.

Consider including a margin to build-up (or re-build) a 3-6 month rainy day fund so if you are unable to work you have some breathing space.

Remember to include ADI badge cost, Association membership costs (For your budget The Driving Instructor and Trainers Collective membership is £6 p/m), Breakdown cover, Marketing, and any other costs you may face.

Once you have this cost in place, add your desired profit margin to it. This can be as a percentage or as a breakdown of an annual desired figure.

## **Perspective 2 - Value**

We all know that not all lessons are equal. Your customers will pay more if they get more, so looking at included value is a real confidence builder.

Look at what you offer, what your lessons include, what support you offer, and what you as an individual offer as an instructor. This **may** include:

- \* Theory support
- \* Resources
- \* Benefits
- \* Experience
- \* Qualifications
- \* CPD
- \* Pass rate

## **Perspective 3 - Competition**

This is my least favourite tool, but potentially the one used most often by ADIs. What do your local competition charge? It is important, but probably shouldn't be the primary approach.

When doing this, one approach is to draw a scale (0-10 or similar) and pick 3 local names familiar to you:

- \* A bottom end provider
- \* A mid range provider
- \* A top end provider

(Focussing largely on price)

Now decide where you want to be positioned. This will give you not just a guide to price, but the opportunity to perform comparisons. What do those instructors/schools offer that you don't and what do you offer that they don't? You may find you are under selling your position in the market.

## **Perspective 4 - Confidence**

How do you feel about your price? Your lessons? Your ability?

This is also an opportunity to plan some personal development to improve your standards, ability and potentially price.

A good way to tackle this is a bit of role play! (I know! But it does help...)

Nothing too bad, just imagine you are answering a call, or get someone to pretend to call, and tell them your price. See at what point 'the cringe' starts and your self-confidence or believability stops. This helps you address what you think that you are worth.

If you don't like the role play, find someone to help. We often do this with those that we support with mentoring and business coaching.

(I have a couple of stories about this on my journey to £40+ that I am happy to share. It was neither comfortable or easy!)

## **Perspective 5 - Ideal**

What would you like to be earning if competition wasn't an issue? If pupils weren't price sensitive? And if you were exclusively calling the shots?

It isn't the real world, but it is a really good benchmark for how you value yourself individually, and what is important to you.

## **Perspective 6 - Psychology of prices**

I have 10 years in retail as a Buyer and Manager, this was a subject that fascinated me and continues to do so. ***Did you know that £30 is MORE expensive than £32?***

There are some prices that work better than others. It isn't as basic as £29.99 Vs £30, in fact it is far more complicated. Some numbers just feel different, others are processed differently.

## **Looking at 3 examples - £28, £30, & £32**

£30 is easy, no change & easy maths. However we don't want it easy to compute, we want it to require consideration. Simply speaking the brain divides what you are purchasing into piles of 'value'. £30 easily equates to 3 piles, but £32 isn't an 'easy' number. (For the mathematical fans amongst you, think about the factors). £32 and £28 are both 'good prices' as they equate to more

piles of value. If there isn't a difference between £28 and £32, I know which I'd pick. £32 and work 2 hours less a week!

Another way to think of it, how many combinations of coins or notes do you need for each number? The more combinations, or effort needed to work it out, the more value the brain tends to allocate to it! The more valuable the lesson, the more they will appreciate you and what you do.

### **Finally**

Look at the figures and challenge what you are planning to charge, & where you want to position yourself. If you can increase your profits by £1 a lesson, you could be earning £1000-2000 a year more (before tax).

We have supported a number of instructors through the coaching and mentoring we offer, increasing some prices by £5+ per hour. Allowing some to earn more, and others to work less!

### **Who do I charge the increase to?**

Often we feel bad passing on price increases to existing customers, and maybe you choose to just target them to new enquiries. It is personal choice. One alternative is to share the cost by giving existing clients a 50% reduction as a loyalty discount. This allows a little more income, while respecting their existing custom, but also preps their referrals to be ready for the higher price.

### **Why take these different viewpoints?**

People have a bad habit of undervaluing themselves and not wanting to stand out. If we all do this, then how do your customers identify you as the one to choose?

It doesn't have to be 'all about the money' - increased profit can allow you to better help those that can't afford it, it can give you time to do other things, and in these challenging times help you develop increased security.

I hope that has helped and look forward to hearing how you have got on. Feedback is ALWAYS welcome!

Kind Regards

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